



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
LINCOLN COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 1998**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Sarah Jane Schaaf, Secretary, Revenue Cabinet

Honorable Ronald W. Gilbert, County Judge/Executive

Honorable James R. Reed, Former County Judge/Executive

Members of the Lincoln County Fiscal Court

### Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Lincoln County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Lincoln County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Lincoln County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Lincoln County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1998, in conformity with the cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Sarah Jane Schaaf, Secretary, Revenue Cabinet

Honorable Ronald W. Gilbert, County Judge/Executive

Honorable James R. Reed, Former County Judge/Executive

Members of the Lincoln County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Lincoln County, Kentucky, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements. The other information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated June 3, 1999, on our consideration of Lincoln County, Kentucky's compliance with certain provisions of laws, regulations, contracts, grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -

June 3, 1999

LINCOLN COUNTY OFFICIALS

Fiscal Year Ended June 30, 1998

James R. Reed	County Judge/Executive
John Hackley	County Attorney
George O. Spoonamore, III	County Clerk
Edith Cox	Circuit Court Clerk
Earl D. McWhorter	Sheriff
Gary Jenkins	Jailer
Dennis D. Lair	Property Valuation Administrator
Teresa Padgett	County Treasurer
Bill Demrow	Coroner
Ronald Baird	Magistrate
Ronald W. Gilbert	Magistrate
Dexter Todd	Magistrate
Charles R. Hubbard	Magistrate





STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS



LINCOLN COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1998

Assets and Other Resources

Assets

General Fund:

Cash	\$ 339,154
Investments	200,000

Road and Bridge Fund:

Cash	2,142
Investments	140,000

Jail Fund:

Cash	72,864
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Jail Commissary Fund:

Cash	8,675
------	-------

Local Government Economic Assistance Fund:

Cash	33,874
------	--------

Parks and Recreation Fund:

Cash	1,208
------	-------

Community Development Block Grant -

Ceramichrome Fund:

Receivable (Note 4)	12,672
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Solid Waste Commission Fund:

Cash	24,489
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Public Properties Corporation Government

Facilities Series 96 Fund:

Bond Account	2,493
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Construction Account	366,639
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Debt Service Account	145,230
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Payroll Revolving Account - Cash

6,510

Other Resources

General Fund:

Amounts to be Provided in Future Years for Kentucky

Association of Counties Leasing Trust Agreements Principal	593,974
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Public Properties Corporation Government

Facilities Series 96 Fund:

Amounts to be Provided in Future Years for Bond Principal Payments

From Administrative Office of the Courts and Fiscal Court	1,737,277
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Amounts to be Provided in Future Years From Administrative

Office of the Courts and Fiscal Court for Kentucky Area

Development District Financing Trust Lease Agreement Principal	348,200
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Total Assets and Other Resources

\$ 4,035,401

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY  
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS  
 June 30, 1998  
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund - Kentucky Association of Counties	
Leasing Trust Agreements Principal (Note 7A, B, C)	\$ 593,974
Community Development Block Grant -	
Ceramichrome Fund:	
Deferred Revenue (Note 4)	12,672
Public Properties Corporation Government	
Facilities Series 96 Fund:	
Bond Principal Not Matured (Note 6)	1,885,000
Kentucky Area Development District	
Financing Trust Lease Agreement Principal (Note 7D)	348,200
Payroll Revolving Account	6,510

Fund Balances

Reserved:	
Jail Commissary Fund	8,675
Parks and Recreation Fund	1,208
Solid Waste Commission Fund	24,489
Public Properties Corporation Government	
Facilities Series 96 Fund - Construction Account	366,639
Unreserved:	
General Fund	539,154
Road and Bridge Fund	142,142
Jail Fund	72,864
Local Government Economic Assistance Fund	33,874
Total Liabilities and Fund Balances	<u>\$ 4,035,401</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

LINCOLN COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

<u>Cash Receipts</u>	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Schedule of Operating Revenue	\$ 3,311,792	\$ 1,070,872	\$ 883,719	\$ 719,344
Transfers In	197,928			16,593
Kentucky Area Development District Financing Trust-Lease Proceeds	350,000			
Jail Commissary Fund Receipts	66,700			
Total Cash Receipts	<u>\$ 3,926,420</u>	<u>\$ 1,070,872</u>	<u>\$ 883,719</u>	<u>\$ 735,937</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 3,060,818	\$ 910,375	\$ 866,602	\$ 741,502
Schedule of Unbudgeted Expenditures	1,153,303			
Transfers Out	197,928	55,949		
Bonds:				
Principal Paid	25,000			
Interest Paid	117,042			
Kentucky Association of Counties Leasing Trust - Principal Payments	23,198	23,198		
Kentucky Area Development District Financing Trust - Principal Payment	1,800			
Jail Commissary Fund Expenditures	66,322			
Total Cash Disbursements	<u>\$ 4,645,411</u>	<u>\$ 989,522</u>	<u>\$ 866,602</u>	<u>\$ 741,502</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	<u>\$ (718,991)</u>	<u>\$ 81,350</u>	<u>\$ 17,117</u>	<u>\$ (5,565)</u>
Cash Balance - July 1, 1997*	<u>2,055,759</u>	<u>457,804</u>	<u>125,025</u>	<u>78,429</u>
Cash Balance - June 30, 1998*	<u>\$ 1,336,768</u>	<u>\$ 539,154</u>	<u>\$ 142,142</u>	<u>\$ 72,864</u>

\* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

Jail Commissary Fund	Local Government Economic Assistance Fund	Federal Grants Fund	Parks and Recreation Fund	Community Development Block Grant- Ceramicrome Fund	Solid Waste Commission Fund
\$	\$ 8,369	\$ 516,045	\$ 6,423	\$ 30,647	\$ 1,903 8,400
66,700					
\$ 66,700	\$ 8,369	\$ 516,045	\$ 6,423	\$ 30,647	\$ 10,303
\$	\$ 15,150	\$ 516,045	\$ 11,144	\$ 30,647	\$ 13,591
66,322					
\$ 66,322	\$ 15,150	\$ 516,045	\$ 11,144	\$ 30,647	\$ 13,591
\$ 378	\$ (6,781)	\$ 0	\$ (4,721)	\$ 0	\$ (3,288)
8,297	40,655	0	5,929	0	27,777
\$ 8,675	\$ 33,874	\$ 0	\$ 1,208	\$ 0	\$ 24,489

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

<u>Cash Receipts</u>	Public Properties Corporation Government Facilities Series 96 Fund		
	Bond Account	Construction Account	Debt Service Account
Schedule of Operating Revenue	\$ 99	\$ 66,927	\$ 7,444
Transfers In	141,979	30,956	
Kentucky Area Development District Financing Trust-Lease Proceeds		350,000	
Jail Commissary Fund Receipts			
Total Cash Receipts	<u>\$ 142,078</u>	<u>\$ 447,883</u>	<u>\$ 7,444</u>
<u>Cash Disbursements</u>			
Comparative Schedule of Final Budget and Budgeted Expenditures	\$	\$	\$
Schedule of Unbudgeted Expenditures		1,109,065	
Transfers Out		134,535	7,444
Bonds:			
Principal Paid	25,000		
Interest Paid	117,042		
Kentucky Association of Counties Leasing Trust - Principal Payments			
Kentucky Area Development District Financing Trust - Principal Payment		1,800	
Jail Commissary Fund Expenditures			
Total Cash Disbursements	<u>\$ 142,042</u>	<u>\$ 1,245,400</u>	<u>\$ 7,444</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 36	\$ (797,517)	\$ 0
Cash Balance - July 1, 1997*	<u>2,457</u>	<u>1,164,156</u>	<u>145,230</u>
Cash Balance - June 30, 1998*	<u>\$ 2,493</u>	<u>\$ 366,639</u>	<u>\$ 145,230</u>

\* Cash Balance Includes Investments



LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Lincoln County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Jail Commissary Fund, Solid Waste Commission Fund, and Public Properties Corporation Governmental Facilities Series 96 Fund as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Lincoln County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998  
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The county met the requirements stated above, and as of June 30, 1998, deposits were fully insured or collateralized at a 100% level with securities held by the county's agent in the county's name.

LINCOLN COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 1998  
 (Continued)

Note 4. Receivable

During project year 1983, Community Development Block Grant #B-83-DC-21-001(053) for \$350,000 was awarded to Lincoln County and Ceramichrome Corporation for management buyout. The Corporation is obligated to repay Lincoln County CDBG Fund \$350,000 at a 3 percent rate over 15 years. The payments are \$2,554 a month. On June 30, 1998, the receivable balance was \$12,672. As required by the grant agreement, all program moneys received by Lincoln County from Ceramichrome Corporation shall be used by Lincoln County for community or economic development activities eligible for assistance under Title I of the Housing and Community Development Act of 1974, so specified in the Commonwealth of Kentucky's Community Development Block Grant Eligible Activities Policy Statement.

Note 5. Stanford-Lincoln County Industrial Development Authority/R. M. Bastin Lumber, Inc Lease- Purchase Agreement

During fiscal year ended June 30, 1998, Lincoln County received \$503,545 of Community Development Block Grant money which was passed through to the Stanford-Lincoln County Industrial Authority for purchasing industrial equipment to be leased to R. M. Bastin Lumber, Inc. Pursuant to a lease-purchase agreement dated September 2, 1997, between Stanford-Lincoln County Industrial Authority (subrecipient of the County's federal funds), and R. M. Bastin Lumber, Inc., R. M. Bastin Lumber, Inc. is to repay the entire \$503,545 through monthly rental payments to the Stanford-Lincoln County Industrial Authority at a rate of 4 percent per annum over a period of ten years. As of June 30, 1998, R. M. Bastin Lumber, Inc. was in substantial compliance with the agreement. Outstanding principal balance as of June 30, 1998, was \$472,244. As required by the grant agreement, all program moneys received by the Authority from R.M. Bastin Lumber, Inc. shall be used by the Authority for community or economic development activities eligible for assistance under Title I of the Housing and Community Development Act of 1974, so specified in the Commonwealth of Kentucky's Community Development Block Grant Eligible Activities Policy Statement.

Note 6. Long-Term Debt

Bonds outstanding of the Public Properties Government Facilities Project Bond Series 1996 Fund are:

Fiscal Year Ending June 30	Principal Payment	Interest Payment	Total Payment	Less Debt Service Reserve and Capitalized Interest	Less AOC Rental Amount*	Net Amount Due From County
1999	\$ 25,000	\$ 115,793	\$ 140,793	\$ (7,988)	\$ (97,142)	\$ 35,663
2000	30,000	114,543	144,543	(7,988)	(97,142)	39,413
2001	30,000	113,043	143,043	(7,988)	(97,142)	37,913
2002	30,000	111,543	141,543	(7,988)	(97,142)	36,413

LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998  
(Continued)

Note 6. Long-Term Debt (Continued)

Fiscal Year Ending June 30	Principal Payment	Interest Payment	Total Payment	Less Debt Service Reserve and Capitalized Interest	Less AOC Rental Amount*	Net Amount Due From County
2003	\$ 35,000	\$ 110,043	\$ 145,043	\$ (7,988)	\$ (97,142)	\$ 39,913
2004- 2027	1,735,000	1,692,005	3,427,005	(336,932)	(2,331,408)	758,665
Totals	<u>\$ 1,885,000</u>	<u>\$ 2,256,970</u>	<u>\$ 4,141,970</u>	<u>\$ (376,872)</u>	<u>\$(2,817,118)</u>	<u>\$ 947,980</u>

\* In accordance with a sublease agreement between Administrative Office of the Courts (AOC) and the Lincoln County Fiscal Court dated May 1, 1996, AOC committed itself to participate in providing part of the costs of constructing a courthouse annex through use allowance payments.

Note 7. Capital Lease Agreements

- A. On August 21, 1992, the Lincoln County Fiscal Court entered into a 20-year leasing agreement with KACo Leasing Trust for the purchase of an E-911 building facility. Principal payments are due annually by January 20.

Principal Payment Dates

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
01/20/99	\$ 3,174	\$ 3,000
01/20/00	2,986	3,000
01/20/01	2,798	3,000
01/20/02	2,611	3,000
01/20/03	2,449	2,000
01/20/04	2,298	3,000
01/20/05	2,085	4,000
01/20/06	1,834	4,000
01/20/07	1,584	4,000
01/20/08	1,308	5,000
01/20/09	1,021	4,000
01/20/10	771	4,000
01/20/11	495	5,000
01/20/12	182	5,000
Total Principal Outstanding June 30, 1998		<u>\$ 52,000</u>

LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998  
(Continued)

Note 7. Capital Lease Agreements (Continued)

- B. On August 17, 1993, the Lincoln County Fiscal Court entered into a 10-year leasing agreement with KACo Leasing Trust for the purchase of E-911 equipment. Principal payments are due monthly.

Principal Payment Dates

Fiscal Year Ending June 30, 1998	Scheduled Interest	Principal Amount
1999	\$ 1,978	\$ 7,561
2000	1,592	7,907
2001	1,188	8,269
2002	766	8,647
2003	324	9,043
2004	10	1,547
Total Principal Outstanding June 30, 1998		<u>\$ 42,974</u>

- C. On April 6, 1996, the Lincoln County Fiscal Court entered into a 23-year leasing agreement with KACo Leasing Trust for the City of Stanford's Pine Hall Water Project. Principal payments are due annually by January 20.

Due Date	Scheduled Interest	Principal Amount
1/20/99	\$ 30,546	\$ 14,000
1/20/00	29,653	15,000
1/20/01	28,724	15,000
1/20/02	27,769	16,000
1/20/03	26,752	17,000
1/20/04	25,674	18,000
1/20/05	24,533	19,000
1/20/06	23,330	20,000
1/20/07	22,066	21,000
1/20/08	20,739	22,000
1/20/09	19,351	23,000
1/20/10	17,900	24,000
1/20/11	16,388	25,000
1/20/12	14,814	26,000
1/20/13	13,152	28,000

LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998  
(Continued)

Note 7. Capital Lease Agreements (Continued)

C. (Continued)

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
1/20/14	\$ 11,391	\$ 29,000
1/20/15	9,570	30,000
1/20/16	7,660	32,000
1/20/17	5,626	34,000
1/20/18	3,494	35,000
1/20/19	1,301	<u>36,000</u>
Total Principal Outstanding June 30, 1998		<u>\$ 499,000</u>
Total KACo Leasing Trust Agreements		<u>\$ 593,974</u>

D. On April 23, 1998, the Lincoln County Fiscal Court entered into a 10-year leasing agreement with KADD Financing Trust for construction costs to complete the second floor of the courthouse annex.

<u>Fiscal Year Ending June 30</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Payment</u>	<u>Less AOC Rental Amount*</u>	<u>Net Amount Due From County</u>
1999	\$ 27,200	\$ 18,885	\$ 46,085	\$ (28,000)	\$ 18,085
2000	28,800	17,359	46,159	(28,000)	18,159
2001	30,400	15,744	46,144	(28,000)	18,144
2002	32,000	14,041	46,041	(28,000)	18,041
2003	33,800	12,246	46,046	(28,000)	18,046
2004- 2008	<u>196,000</u>	<u>30,575</u>	<u>226,575</u>	<u>(140,000)</u>	<u>86,575</u>
Totals	<u>\$ 348,200</u>	<u>\$ 108,850</u>	<u>\$ 457,050</u>	<u>\$ (280,000)</u>	<u>\$ 177,050</u>

\* In accordance with a sublease agreement between Administrative Office of the Courts (AOC) and the Lincoln County Fiscal Court dated April 18, 1998, AOC committed itself to participate in providing part of the costs of completing the second floor of the courthouse annex through use allowance payments.

LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998  
(Continued)

Note 8. E-911 Sublease Agreements

- A. On August 21, 1992, the Lincoln County Fiscal Court entered into a 20-year lease agreement with KACo Leasing Trust for the purchase of an E-911 building. On that same date, Lincoln County Fiscal Court and Lincoln County Emergency Communications Commission entered into a sublease which stated that for and in consideration of E-911 being allowed to utilize the properties as set up in the KACo Leasing Trust agreement with the county, E-911 will reimburse the county all rental payments as set out in the county's KACo Leasing Trust agreement. As of June 30, 1998, E-911 was behind \$19,665 in reimbursement payments to the county.
- B. On August 10, 1993, the Lincoln County Fiscal Court entered into a 10-year leasing agreement with KACo Leasing Trust for the purchase of E-911 equipment. On that same date, Lincoln County Fiscal Court and Lincoln County Emergency Communications Commission entered into a sublease which stated that for and in consideration of E-911 being allowed to utilize the properties as set up in the KACo Leasing Trust agreement with the county, E-911 will reimburse the county all rental payments as set out in the county's KACo Leasing Trust agreement. As of June 30, 1998, E-911 was behind \$32,877 in reimbursement payments to the county.

Note 9. City of Stanford Sublease Agreement

On April 4, 1996, the Lincoln County Fiscal Court entered into a 23-year leasing agreement with KACo Leasing Trust for the City of Stanford's Pine Hall Water Project. On that same date, Lincoln County Fiscal Court and the City of Stanford entered into a sublease which stated the City of Stanford will reimburse the county all rental payments as set out in the county's KACo Leasing Trust agreement. As of June 30, 1998, the City of Stanford was in substantial compliance with the agreement.

Note 10. Insurance

For the fiscal year ended June 30, 1998, Lincoln County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 11. Subsequent Events

In January 1999, the Stanford-Lincoln County Industrial Authority, subrecipient of the County's Community Development Block Grant money, with the concurrence of the Department for Local Government, deferred the principal and interest lease-purchase payments to be made to the Authority by R. M. Bastin Lumber, Inc for a period of one year. (Note 5) Loan documents are to be revised showing reamortization of the loan including the principal at the date of closing plus the additional principal and interest deferred over the 12-month period.

LINCOLN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998  
(Continued)

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COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 938,902	\$ 1,070,872	\$ 131,970
Road and Bridge Fund	808,679	883,719	75,040
Jail Fund	645,199	719,344	74,145
Local Government Economic Assistance Fund	29,426	8,369	(21,057)
Federal Grants Fund	523,545	516,045	(7,500)
Parks and Recreation Fund	7,794	6,423	(1,371)
Total	<u>\$ 2,953,545</u>	<u>\$ 3,204,772</u>	<u>\$ 251,227</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 2,953,545
Add: Budgeted Prior Year Surplus	631,064
Less: Other Financing Uses	<u>(68,631)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 3,515,978</u>

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SCHEDULE OF OPERATING REVENUE

LINCOLN COUNTY  
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Revenue From Local Taxes and Excess Fees</u>				
Sheriff:				
Taxes	\$ 416,965	\$ 416,965	\$	\$
Excess Fees - 1997	17,240	17,240		
County Clerk:				
Deed Transfer Tax	30,041	30,041		
Delinquent Taxes	6,917	6,917		
Excess Fees - 1997	82,671	82,671		
Tangible Personal Property Taxes:				
Other Counties	14,478	14,478		
County Clerk	90,203	90,203		
Omitted Tangible	5,569	5,569		
Cellular One - Franchise	10,389	10,389		
Bank Franchises	35,048	35,048		
Totals	<u>\$ 709,521</u>	<u>\$ 709,521</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>U.S. Treasurer</u>				
Appalachian Regional Commission				
Grant - E-911 Equipment	<u>\$ 53,942</u>	<u>\$ 53,942</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance				
Grants - Coordinator Salary	\$ 2,400	\$ 2,400	\$	\$
Community Development Block				
Grant - Bastin Lumber Company	516,045			
Disaster and Emergency Assistance				
Grant - Snow Removal	27,311		27,311	
Land and Water Conservation				
Program	<u>6,423</u>			
Totals	<u>\$ 552,179</u>	<u>\$ 2,400</u>	<u>\$ 27,311</u>	<u>\$ 0</u>

Local Government Economic Assistance Fund	Federal Grants Fund	Parks and Recreation Fund	Community Development Block Grant-Ceramicrome Fund	Solid Waste Commission Fund
\$	\$	\$	\$	\$
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$	\$	\$	\$	\$
	516,045			
		6,423		
\$ 0	\$ 516,045	\$ 6,423	\$ 0	\$ 0

LINCOLN COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Public Properties Corporation Government Facilities Series 96 Fund		
	Bond Account	Construction Account	Debt Service Account
<hr/>			
<u>Revenue From Local Taxes and Excess Fees</u>			
Sheriff:			
Taxes	\$	\$	\$
Excess Fees - 1997			
County Clerk:			
Deed Transfer Tax			
Delinquent Taxes			
Excess Fees - 1997			
Tangible Personal Property Taxes:			
Other Counties			
County Clerk			
Omitted Tangible			
Cellular One - Franchise			
Bank Franchises			
	<hr/>	<hr/>	<hr/>
Totals	\$ 0	\$ 0	\$ 0
<hr/>			
<u>U.S. Treasurer</u>			
Appalachian Regional Commission			
Grant - E-911 Equipment	\$ 0	\$ 0	\$ 0
<hr/>			
<u>Federal Receipts - State Treasurer</u>			
Disaster and Emergency Assistance			
Grants - Coordinator Salary	\$	\$	\$
Community Development Block			
Grant - Bastin Lumber Company			
Disaster and Emergency Assistance			
Grant - Snow Removal			
Land and Water Conservation			
Program			
	<hr/>	<hr/>	<hr/>
Totals	\$ 0	\$ 0	\$ 0



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LINCOLN COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 61,261	\$	\$	\$ 61,261
Medical Allotments	4,510			4,510
DUI Fees	3,084			3,084
Controlled Intake	525,976			525,976
Juvenile Reimbursements	28,583			28,583
County Road Aid	675,139		675,139	
Truck License Distribution	151,651		151,651	
Courthouse Rental - Administrative				
Office of the Courts	79,046	46,746		
Refunds:				
Legal Process Tax	110	110		
Drivers License	1,941		1,941	
Dog License	337	337		
Severance Taxes:				
Coal Impact	7,442			
Board of Assessments	400	400		
Grants:				
Senate Bill 66	30,494	30,494		
Miscellaneous	400			400
Totals	\$ 1,570,374	\$ 78,087	\$ 828,731	\$ 623,814

LINCOLN COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1998  
 (Continued)

Local Government Economic Assistance Fund	Federal Grants Fund	Parks and Recreation Fund	Community Development Block Grant- Ceramichrome Fund	Solid Waste Commission Fund
\$	\$	\$	\$	\$
7,442				
<u>\$ 7,442</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

LINCOLN COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Public Properties Corporation		
	<u>Government Facilities Series 96 Fund</u>		
	Bond	Construction	Debt Service
	<u>Account</u>	<u>Account</u>	<u>Account</u>
<hr/>			
<u>Kentucky State Treasurer</u>			
Jail:			
Allotments	\$	\$	\$
Medical Allotments			
DUI Fees			
Controlled Intake			
Juvenile Reimbursements			
County Road Aid			
Truck License Distribution			
Courthouse Rental - Administrative			
Office of the Courts		32,300	
Refunds:			
Legal Process Tax			
Drivers License			
Dog License			
Severance Taxes:			
Coal Impact			
Board of Assessments			
Grants:			
Senate Bill 66			
Miscellaneous			
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Totals	\$ 0	\$ 32,300	\$ 0

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LINCOLN COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue</u>				
Interest	\$ 75,589	\$ 13,387	\$ 16,994	\$ 1,607
Circuit Court Clerk:				
Jail Cost	7,495			7,495
Work Release	5,172			5,172
Housing Prisoners-				
Other Counties	58,027			58,027
Jail Bail Bond Fees	2,749			2,749
Nurse/Medical Fees	31			31
Licenses and Permits:				
Building Permits	1,716	1,716		
Cable TV Franchise	11,631	11,631		
Surplus Property Sales	1,503		1,503	
City of Stanford Loan Repayments	39,311	39,311		
Community Development Block				
Grant Loan Repayments -				
Principal	29,781			
Interest	866			
Recycling Fees	2,227	2,227		
Rentals/Leases	34,728	34,728		
Scrap Metal Sales	1,092			
Landfill User Fees	116,572	116,572		
Telephone Commissions	18,586			18,586
Telephone Reimbursement	267	267		
Other Reimbursements	13,146	4,146	9,000	
Farm Income	2,627	2,627		
Miscellaneous Items	2,660	310	180	1,863
Totals	\$ 425,776	\$ 226,922	\$ 27,677	\$ 95,530
Total Operating Revenue	\$ 3,311,792	\$ 1,070,872	\$ 883,719	\$ 719,344

LINCOLN COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1998  
 (Continued)

Local Government Economic Assistance Fund	Federal Grants Fund	Parks and Recreation Fund	Community Development Block Grant- Ceramichrome Fund	Solid Waste Commission Fund
\$ 927	\$	\$	\$	\$ 504
			29,781 866	1,092
				307
\$ 927	\$ 0	\$ 0	\$ 30,647	\$ 1,903
\$ 8,369	\$ 516,045	\$ 6,423	\$ 30,647	\$ 1,903

LINCOLN COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1998  
 (Continued)

	Public Properties Corporation Government Facilities Series 96 Fund		
	Bond	Construction	Debt Service
	Account	Account	Account
<u>Miscellaneous Revenue</u>			
Interest	\$ 99	\$ 34,627	\$ 7,444
Circuit Court Clerk:			
Jail Cost			
Work Release			
Housing Prisoners-			
Other Counties			
Jail Bail Bond Fees			
Nurse/Medical Fees			
Licenses and Permits:			
Building Permits			
Cable TV Franchise			
Surplus Property Sales			
City of Stanford Loan Repayments			
Community Development Block			
Grant Loan Repayments -			
Principal			
Interest			
Recycling Fees			
Rentals/Leases			
Scrap Metal Sales			
Landfill User Fees			
Telephone Commissions			
Telephone Reimbursement			
Other Reimbursements			
Farm Income			
Miscellaneous Items			
Totals	\$ 99	\$ 34,627	\$ 7,444
Total Operating Revenue	\$ 99	\$ 66,927	\$ 7,444



COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES



LINCOLN COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 47,900	\$ 47,899	\$ 1
Deputy County Judge/Executive	1,275	1,274	1
Finance Officer	24,008	24,008	
Payroll Clerk	19,620	19,619	1
Part-Time Help	6,650	6,465	185
Drug Testing	500	170	330
E-911 Address Services	7,800	3,250	4,550
Office Materials and Supplies	6,350	6,197	153
Postal Charges	700	640	60
Training	2,000	1,178	822
Travel	3,000	1,171	1,829
Office of County Attorney:			
Salaries-			
County Attorney	6,844	6,844	
Secretaries	4,066	4,066	
Office of County Clerk:			
Office Materials and Supplies	15,000	11,830	3,170
Tax Bill Preparation	3,000	2,939	61
Office of Sheriff:			
Deputies Salaries	10,000	10,000	
Maintenance and Repairs	2,949	559	2,390
Tax Bill Preparation	10,340	10,336	4
Gasoline	10,000	7,903	2,097
Auto Parts	1,351	1,351	
Office Materials and Supplies	1,500	1,393	107
Uniforms	1,500	955	545
Data Processing Equipment	9,000	7,334	1,666

LINCOLN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

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GENERAL FUND (Continued)

General Government (Continued)

Office of County Coroner:

Salaries-

County Coroner	\$	14,713	\$	14,712	\$	1
Deputy Coroner		4,800		4,800		
Office Materials and Supplies		300		300		
Expenses		2,700		2,700		

Fiscal Court:

Magistrates-

Salaries and Expense Allowance		40,218		40,218		
Fiscal Court Clerk Salary		1,500		1,275		225

Office of Property Valuation Administrator:

Statutory Contribution		19,341		19,341		
------------------------	--	--------	--	--------	--	--

Office of Board of Assessment Appeals:

Per Diem		2,400		800		1,600
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Office of County Treasurer:

County Treasurer Salary		23,301		23,301		
Training and Travel		500		180		320

County Law Library:

Law Librarian Salary		600		600		
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Elections:

Per Diem-

Election Commissioners		4,600		4,500		100
Election Officers		4,520		4,520		
Advertising		2,500		2,023		477
Polling Places		500		150		350
Printing		6,566		6,566		

LINCOLN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

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GENERAL FUND (Continued)

General Government (Continued)

Economic Development:

Contribution	\$	2,000	\$	2,000	\$
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Courthouse:

Janitor Salary	20,698	20,498	200
Maintenance Agreements	2,000	1,075	925
Pest Control	1,800	300	1,500
Building Maintenance Supplies	2,500	1,821	679
Custodial Supplies	4,500	4,478	22
New Janitorial Equipment	1,000	171	829
Medical Supplies	800	490	310
Improvements and Repairs	22,500	9,582	12,918
Courthouse Telephone	12,500	11,990	510
Courthouse Utilities	17,500	15,983	1,517

Other County Properties:

Janitorial Services	5,200	4,440	760
Maintenance Agreements	1,000	450	550
Building Maintenance Supplies	6,940	6,938	2
Custodial Supplies	1,000	135	865
Utilities	19,500	16,899	2,601

Protection to Persons and Property

Building Code Enforcement:

Building Inspector Fees	1,500	1,500
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County Fire Department:

Contributions	21,000	21,000
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LINCOLN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

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GENERAL FUND (Continued)

Protection to Persons and Property  
 (Continued)

Disaster and Emergency Services:

Salaries-

Supervisor	\$	4,800	\$	4,800	\$	
Assistant		1,250		1,250		
Red Cross Office Supplies		1,500		403		1,097

Ambulance Service:

Contribution		21,000		21,000		
Senate Bill 66 Grants		40,000		30,530		9,470

Emergency Dispatch Service:

Dispatch Service		26,000		26,000		
Contribution		8,400		8,400		
Communications Equipment		96,620		53,943		42,677

Forestry Fire Protection:

Kentucky State Treasurer		1,422		1,422		
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Office of Public Defender:

Contribution		2,506		2,506		
--------------	--	-------	--	-------	--	--

General Health and Sanitation

Dog Control:

Dog Warden Salary		4,207		4,193		14
Dog Shelter		16,820		16,811		9
Expenses		4,750		4,747		3

Sanitary Landfill:

Solid Waste Contract		4,800		4,800		
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Solid Waste Collection:

Coordinator		15,000		4,439		10,561
Solid Waste Project - County Matching		2,500		2,500		

LINCOLN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

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GENERAL FUND (Continued)

General Health and Sanitation  
 (Continued)

Recycling Program:

Personnel	\$	8,000	\$	7,350	\$	650
Contracted Agency		2,200		2,200		
Office Supplies		1,200		46		1,154
Gas and Fork Lift		400		235		165
Travel Reimbursement		100		49		51

Soil Conservation:

Program Support		14,060		14,060		
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Social Services

Senior Citizens Program:

Contribution		32,000		32,000		
Ombudsman Agency Donation		1,250		1,250		

Services to Children and Youth:

Contribution		500				500
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Office of Public Advocate:

Legal Fees		500		500		
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General Charity and Welfare:

Pauper Burials		600		600		
Medical Supplies		3,000		2,416		584

Other Social Service Programs

Contributions		2,700		2,700		
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LINCOLN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

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GENERAL FUND (Continued)

Recreation and Culture

Parks:

Logan Hubble Park-			
Building Maintenance	\$ 2,616	\$ 2,607	\$ 9
Seed and Fertilizer	500	349	151
Construction Materials	2,384	1,788	596
Equipment	500	38	462
Farm Reimbursement	1,314	1,314	
County School Parks-			
Materials and Supplies	3,000	460	2,540
Contributions	5,000	5,000	

Other Recreation Programs:

Cedar Creek Lake-			
Consultants	3,500		3,500
Maps	500	342	158
Special Project Commission	5,000		5,000

Interest on KACO Leasing Trust:

E-911 Building	3,362	2,824	538
E-911 Equipment	2,462	1,819	643
Pine Hall Water Project	31,378	26,311	5,067

Administration

General Services:

Auditing	16,260	16,255	5
Bank Charges	400	251	149
Miscellaneous Contributions	500	250	250
Insurance - Liability and Bonds	40,000	35,755	4,245
Building Insurance - Other County			
Properties	6,700	6,696	4
Courthouse Insurance	2,000	1,550	450
Legal Notices	3,000	2,215	785
KACO Membership Dues	900	900	
Other Dues/Memberships	2,330	2,188	142
Bluegrass ADD	2,600	2,600	
Miscellaneous	3,575	3,404	171



LINCOLN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

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GENERAL FUND (Continued)

Administration (Continued)

Contingent Appropriations:

Reserve for Transfers	\$	190,412	\$		\$	190,412
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Fringe Benefits:

County Contributions-

Social Security	41,000	38,416	2,584
Retirement	49,000	44,717	4,283
Life Insurance	1,500	1,010	490
Health Insurance	26,000	23,224	2,776
Disability Insurance	2,420	2,416	4
Unemployment Insurance	5,000	2,645	2,355
Worker's Compensation	9,000	8,764	236

Total Operating Budget	\$	1,250,548	\$	910,375	\$	340,173
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Other Financing Uses:

a) Transfers to Solid Waste

Commission Fund	8,400	8,400
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b) KACO Leasing Trust Agreements-

Principal-

E-911 Building	3,000	3,000	
E-911 Equipment	7,231	7,198	33
Pine Hall Water Project	13,000	13,000	

c) Transfers to Public Properties Corporation

Government Facilities Series 96 Fund	37,000	30,956	6,044
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Total General Fund	\$	1,319,179	\$	972,929	\$	346,250
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LINCOLN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

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ROAD AND BRIDGE FUND

Roads

Office of Road Supervisor/Engineer:

Salaries-

Road Supervisor	\$	31,283	\$	31,283	\$	
Road Foreman		24,704		24,463		241
Road Secretary		17,767		17,684		83
Drug Testing		1,000		430		570
Medical Supplies		300		265		35
Postal Charges		500		480		20

Road Maintenance:

Road Labor Salaries	255,937	238,385	17,552
Emergency Snow Removal	22,097	22,097	
Rentals	1,000	351	649
Crushed Stone and Gravel	81,000	80,967	33
Gasoline and Oil	48,600	48,599	1
Materials and Supplies	172,400	172,398	2
New Machinery and Equipment	10,400	10,332	68
Motor Vehicles Parts	58,000	57,594	406
Office Supplies	500	288	212
Utilities	5,950	5,286	664
Office Equipment	2,500	2,260	240
Miscellaneous	2,120	2,119	1

Capital Projects

Buildings and Construction:

County Road Garage	10,000	10,000
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Administration

General Services:

Bank Charges	300	218	82
Insurance	40,220	40,217	3

Contingent Appropriations:

Reserve for Budget Transfers	3,601	3,601
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LINCOLN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

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ROAD AND BRIDGE FUND (Continued)

Administration (Continued)

Fringe Benefits:

County Contributions-

Retirement	\$ 31,000	\$ 26,944	\$ 4,056
Social Security	26,000	22,152	3,848
Life Insurance	1,500	970	530
Health Insurance	41,000	37,158	3,842
Disability Insurance	3,000	2,799	201
Worker's Compensation	20,000	19,653	347
Unemployment Insurance	4,000	1,210	2,790

Total Road and Bridge Fund	\$ 916,679	\$ 866,602	\$ 50,077
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JAIL FUND

Protection to Persons and Property

Office of Jailer:

Personnel Services-

Salaries-

Jailer	\$ 47,900	\$ 47,899	\$ 1
Jail Personnel	271,322	271,322	
Administrative Personnel	24,491	24,490	1
Medical Personnel	8,366	8,361	5
Secretary	10,871	10,870	1

Operations-

Building Maintenance and Repairs	16,593	16,592	1
Pest Control	1,110	1,110	
Building Maintenance Supplies	1,508	1,508	
Cleaning Supplies	9,098	9,097	1
Food	100,528	100,528	
Gasoline	1,607	1,605	2
Jail Linens	348	347	1
Office Supplies	1,651	1,650	1
Prisoner Hygiene	1,445	1,444	1
Staff Uniforms	2,220	2,219	1
Medical Services	32,608	32,607	1
Medical Supplies	16,797	16,797	

LINCOLN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

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JAIL FUND (Continued)

Protection to Persons and Property  
(Continued)

Office of Jailer: (Continued)

Operations (Continued)-

Telephone	\$ 3,211	\$ 3,211	\$
Utilities	25,500	25,267	233
Equipment Maintenance	7,817	7,817	
Food Service Equipment	2,313	2,313	
Other Equipment	2,134	2,134	
Contracts With Other Counties-			
Juveniles	31,490	31,489	1
Miscellaneous Expenses	918	917	1

Administration

General Services:

Bank Charges	390	389	1
Building Insurance	1,616	1,615	1
Liability Insurance	14,699	14,698	1
Association Dues	400	400	
Staff Training	2,271	2,270	1

Fringe Benefits:

County Contributions-

Retirement	28,703	28,242	461
Social Security	26,550	26,398	152
Life Insurance	965	956	9
Health Insurance	28,622	27,739	883
Disability Insurance	2,078	1,991	87
Worker's Compensation	14,211	14,210	1
Unemployment Insurance	1,000	1,000	

Total Jail Fund	<u>\$ 743,351</u>	<u>\$ 741,502</u>	<u>\$ 1,849</u>
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LINCOLN COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1998  
 (Continued)

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LOCAL GOVERNMENT ECONOMIC  
 ASSISTANCE FUND

Roads

Road Maintenance:

New Highway Equipment	\$ 68,132	\$ 15,150	\$ 52,982
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FEDERAL GRANTS FUND

Bastin Lumber Company:

Equipment	\$ 503,545	\$ 503,545	\$
Planning and Administration	20,000	12,500	7,500

Total Federal Grants Fund	\$ 523,545	\$ 516,045	\$ 7,500
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PARKS AND RECREATION FUND

Parks:

Recreation Equipment	\$ 13,723	\$ 11,144	\$ 2,579
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Total Operating Budget - All Funds	\$ 3,515,978	\$ 3,060,818	\$ 455,160
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Other Financing Uses:

a) Transfers to Solid Waste

Commission Fund	8,400	8,400	
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b) KACO Leasing Trust Agreements-  
 Principal-

E-911 Building	3,000	3,000	
E-911 Equipment	7,231	7,198	33
Pine Hall Water Project	13,000	13,000	

c) Transfers to Public Properties Corporation

Government Facilities Series 96 Fund	37,000	30,956	6,044
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TOTAL BUDGET - ALL FUNDS	\$ 3,584,609	\$ 3,123,372	\$ 461,237
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LINCOLN COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES  
Fiscal Year Ended June 30, 1998  
(Continued)  
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SCHEDULE OF UNBUDGETED EXPENDITURES





LINCOLN COUNTY  
SCHEDULE OF UNBUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

<u>Expenditure Items</u>	Community Development Block Grant- Ceramichrome Fund	Solid Waste Commission Fund	Public Properties Corporation Government Facilities Series 96 Fund - Construction Account
Stanford-Lincoln County			
Industrial Authority	\$ 29,781	\$	\$
Bluegrass Industrial			
Development Foundation	866		
Construction Costs			1,096,298
Architectural Services			10,654
Legal Fees			66
Filing Fee			4
Kentucky Area Development District			
Financing Trust - Interest			2,043
Recycle Center Supplies		1,359	
Dues		25	
Meetings		155	
Truck		9,900	
Truck Maintenance		618	
Office Supplies		121	
Office Equipment		1,030	
Travel Expense		54	
Postage		119	
Advertising		34	
Box Rental		136	
Miscellaneous		40	
Totals	<u>\$ 30,647</u>	<u>\$ 13,591</u>	<u>\$ 1,109,065</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Ronald W. Gilbert, County Judge/Executive  
Honorable James R. Reed, Former County Judge/Executive  
Members of the Lincoln County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An  
Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Lincoln County, Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated June 3, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Lincoln County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lincoln County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Ronald W. Gilbert, County Judge/Executive  
Honorable James R. Reed, Former County Judge/Executive  
Members of the Lincoln County Fiscal Court  
Report On Compliance And On Internal Control Over Financial Reporting Based On An  
Audit Of Financial Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 3, 1999

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133







Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Ronald W. Gilbert, County Judge/Executive  
Honorable James R. Reed, Former County Judge/Executive  
Members of the Lincoln County's Fiscal Court

Report On Compliance With Requirements Applicable To Each Major Program  
And Internal Control Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Lincoln County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1998. Lincoln County's major federal programs are identified in the Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Lincoln County's management. Our responsibility is to express an opinion on Lincoln County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lincoln County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lincoln County's compliance with those requirements.

In our opinion, Lincoln County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

Honorable Ronald W. Gilbert, County Judge/Executive  
Honorable James R. Reed, Former County Judge/Executive  
Members of the Lincoln County's Fiscal Court  
Report On Compliance With Requirements Applicable To Each Major Program  
And Internal Control Over Compliance In Accordance With OMB Circular A-133  
(Continued)

### Internal Control Over Compliance

The management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Lincoln County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed –  
June 3, 1999

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



LINCOLN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Lincoln County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Lincoln County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal award programs for Lincoln County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Lincoln County reported in Part C of this schedule.
7. The program tested as a major program was Community Development Block Grant – Bastin Lumber Company – CFDA #14.228.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Lincoln County was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None

NONCOMPLIANCES

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM  
AUDIT

None

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS





LINCOLN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1998

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>		Pass-Through <u>Grantor's Number</u>	<u>Expenditures</u>
<u>Cash Programs</u>			
<u>U.S. Department of Housing and Urban Development</u>			
Passed-Through State Department For Local Government:			
Community Development Block Grant-Bastin Lumber Company (CFDA # 14.228)* (Note 3)			
	B-95-DC-21- 0001(044)		<u>\$ 516,045</u>
<u>U.S. Appalachian Regional Commission</u>			
Direct Program:			
Appalachian Regional Commission Grant-E-911 System Enhancements (CFDA #23.002)			
	KY-12824-I-302-97		<u>\$ 53,942</u>
<u>U.S. Department of the Interior</u>			
Passed-Through State Department For Local Government:			
Land and Water Conservation Program (CFDA #15.916)			
	Project No. 21-01186		<u>\$ 7,791</u>
<u>U.S. Federal Emergency Management Agency</u>			
Passed-Through State Department of Military Affairs:			
Disaster and Emergency Assistance Grants-			
Coordinator Salary (CFDA #83.503)			
	Not Available		<u>\$ 2,400</u>
Snow Removal (CFDA #83.516)			
	FEMA-1207-DR-KY ID# 137-00000		<u>76,462</u>
Total U.S. Federal Emergency Management Agency			<u>\$ 78,862</u>
Total Cash Expenditures of Federal Awards			<u>\$ 656,640</u>

\* Tested as a major program

See Notes to Expenditures of Federal Awards

LINCOLN COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1998

Note 1. Basis of Presentation

This schedule is presented on a cash basis.

Note 2. The federal expenditures for Community Development Block Grant - Bastin Lumber Company and Appalachian Regional Commission Grant - E-911 System Enhancements include grants to subrecipients as follows:

<u>Subrecipient</u>	<u>Grant Number</u>	<u>Pass-Through Grant Amount</u>
Stanford/Lincoln County Industrial Authority	B-95-DC-21-0001(044)	\$ 503,545
Lincoln County Emergency Communication Commission	KY-12824-I-302-97	\$ 53,942

Note 3. During fiscal year ended June 30, 1998, the county disbursed \$503,545 of Community Development Block Grant funds to the Stanford-Lincoln County Industrial Authority, a subrecipient of the county's federal financial assistance. These funds were monitored by the county and Kerbaugh and Rhodes, CPAs were engaged to perform an audit of the Stanford-Lincoln County Industrial Authority in accordance with OMB Circular A-133. The audit report was not completed as of July 8, 1999.

CERTIFICATION OF COMPLIANCE –  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

LINCOLN COUNTY FISCAL COURT

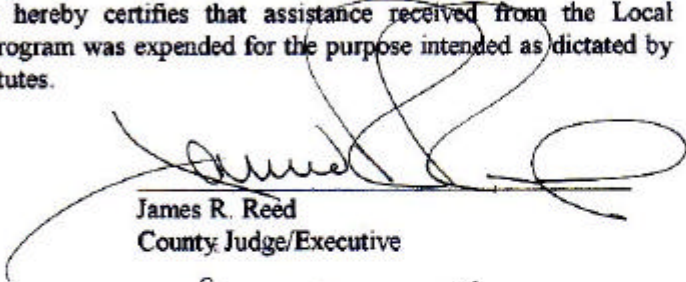
Fiscal Year Ended June 30, 1998

## Appendix A

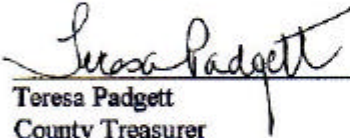


**CERTIFICATION OF COMPLIANCE**  
**LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**  
**LINCOLN COUNTY FISCAL COURT**

The Lincoln County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



James R. Reed  
County Judge/Executive



Teresa Padgett  
County Treasurer